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Telegraph Lines, Standing  
Committee on

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1958  
no. 3

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament  
1958

1958  
Government  
Publications

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND  
TELEGRAPH LINES

Chairman: GORDON K. FRASER, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

DEPARTMENT OF TRANSPORT ESTIMATES

TUESDAY, JULY 1, 1958

WITNESSES:

The Honourable George Hees, Minister of Transport; Messrs. J. R. Baldwin, Deputy Minister; N. Wilson, Director, Marine Services; A. Cumyn, Director, Steamship Inspection Service; Captain F. Slocombe, Chief, Nautical Division; Messrs. L. C. Audette, Chairman, Canadian Maritime Commission; and M. Archer, Chairman, National Harbours Board.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1958



STANDING COMMITTEE  
ON  
RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: G. K. Fraser, Esq.,  
and Messrs.

Allmark,	Garland,	McPhillips,
Asselin,	Grills,	Michaud,
Badanai,	Gundlock,	Monteith ( <i>Verdun</i> ),
Baldwin,	Hales,	Nielsen,
Baskin,	Hardie,	Nixon,
Batten,	Horner ( <i>Acadia</i> ),	Pascoe,
Bigg,	Horner ( <i>Jasper-Edson</i> ),	Payne,
Bourbonnais,	Howard,	Phillips,
Brassard ( <i>Chicoutimi</i> ),	Howe,	Racine,
Brassard ( <i>Lapointe</i> ),	Johnson,	Rouleau,
Bruchési,	Keays,	Rynard,
Campbell ( <i>Stormont</i> ),	Kennedy,	Smallwood,
Chevrier,	LaRue,	Smith ( <i>Calgary South</i> ),
Chown,	MacEwan,	Smith ( <i>Simcoe North</i> ),
Creaghan,	MacInnis,	Tassé,
Crouse,	Martini,	Taylor,
Drysdale,	McBain,	Thompson,
Dupuis,	McDonald ( <i>Hamilton</i>	Tucker,
English,	<i>South</i> ),	Webster,
Fisher,	McMillan,	Wratten

J. E. O'Connor,  
Clerk of the Committee.

## MINUTES OF PROCEEDINGS

TUESDAY, July 1, 1958

The Standing Committee on Railways, Canals and Telegraph Lines met at 10.05 a.m. this day. The Chairman, Mr. Fraser, presided.

*Members present:* Messrs. Asselin, Badanai, Baskin, Batten, Bigg, Brassard (*Chicoutimi*), Chevrier, Drysdale, Fisher, Fraser, Grills, Hales, Horner (*Jasper-Edson*), Howard, Kennedy, McBain, McDonald (*Hamilton South*), McPhillips, Nielsen, Pascoe, Rynard, Smallwood, Smith (*Simcoe North*), Smith (*Calgary South*), Thompson, Tucker, and Wratten—(27).

*In attendance:* The Honourable George Hees, Minister of Transport; *From the Department of Transport*, Messrs. J. R. Baldwin, Deputy Minister; N. Wilson, Director, Marine Services; Captain F. S. Slocombe, Chief, Nautical Division; Captain J. Jones, Supervisor, Pilotage; A. Cumyn, Director, Steamship Inspection; M. Munro, Superintendent, Hulls and Machinery; A. Kay, Steamship Inspection; and W. A. Thornton, Executive Assistant (Railways); *From The Canadian Maritime Commission*, Messrs. L. C. Audette, Chairman; N. A. Paton, Comptroller; Captain F. B. Latchmore, Inspector; *From the National Harbours Board*, Mr. M. Archer, Chairman.

The Chairman observed the presence of quorum and called Item 424—Nautical Services—Administration, Operation and Maintenance.

Mr. Hees and Mr. Wilson answered questions.

Item 424—Nautical Services—Administration, Operation and Maintenance, was adopted.

Item 632 (Supplementary)—Nautical Services—Administration, Operation and Maintenance—was called and adopted.

Item 425—Pilotage Service—Administration, Operation and Maintenance—was called and questions answered by Mr. Hees, Mr. Baldwin and Captain Slocombe.

Item 425—Pilotage Service—Administration, Operation and Maintenance—was adopted.

Item 633 (Supplementary)—Pilotage Service—Administration, Operation and Maintenance—was called and adopted.

Item 426—Steamship Inspection Service was called and questions answered by Mr. Cumyn and Mr. Audette.

Item 426—Steamship Inspection Service—was adopted.

Item 427—Marine Reporting Service—was called and adopted.

Item 428—Ship Channel Service—Administration, Operation and Maintenance—and Item 429—Contract Dredging—were called and adopted.

Item 636 (Supplementary)—Inquiry into the coasting trade of Canada—was called and adopted.

Item 419—Marine Services—Administration—was re-opened by consent and following discussion, closed.

Item 470—Canadian Maritime Commission—Administration—was called and Mr. Audette questioned.

Item 470—Canadian Maritime Commission—Administration—was adopted.



Item 650 (Supplementary)—Canadian Maritime Commission—Administration—was called and adopted.

Item 471—Canadian Maritime Commission—Steamship Subventions—was called and Mr. Audette and Mr. Latchmore were questioned.

Item 471—Canadian Maritime Commission—Steamship Subventions—was adopted.

Item 651 (Supplementary)—Canadian Maritime Commission—Steamship Subventions—was called and adopted.

Item 472—Advances to the National Harbours Board—was called and Mr. Archer questioned.

Item 472—Advances to the National Harbours Board—was adopted.

Item 516—Advances to the National Harbours Board—was called and adopted.

Item 662 (Supplementary)—Increase to \$6,000,000—revolving fund—was called and adopted.

Item 430—Railways and Steamship Services—Repairs and Expenses—Official Railway Cars—was called and adopted.

Item 433—Strait of Canso—Transportation Improvements and Facilities—was called and adopted.

Item 434—Strait of Canso—Causeway Maintenance—was called and adopted.

Item 435—Enlargement of Dock and Terminal Facilities at North Sydney, N.S.—was called and adopted.

Item 436—Construction—Dock and Terminal Facilities at Port aux Basques, Nfld.—was called and adopted.

Item 437—Construction or Acquisition of Auto Ferry Vessels and Equipment—was called and adopted.

Item 438—Newfoundland Coastal Services—Construction or Acquisition of Passenger-Cargo Vessels and Equipment—was called and adopted.

Item 439—Yarmouth, N.S.—Bar Harbour, Maine—Ferry Service—was called and adopted.

Item 440—Surveys of Newfoundland Railway Properties—was called and adopted.

Item 441—Degaussing Canadian-owned ships—was called and adopted.

Item 444—Subsidy of \$25,000 per mile rail construction—was called and adopted.

Item 445—Pension to former pilots—was called and adopted.

Item 446—Railway Employees—Provident Fund—was called and adopted.

Item 447—Supplemental Pension Allowances to former employees of Newfoundland Railways, Steamships and Telecommunication Services—was called and adopted.

Item 448—Payment to the widow of the late John H. Tudhope—was called and adopted.

At 12.35 p.m. the Committee adjourned to meet again at 10.00 a.m. on Thursday, July 3, 1958.

J. E. O'Connor,  
*Clerk of the Committee.*



## EVIDENCE

TUESDAY, July 1, 1958.  
10:00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum.

This morning we are dealing with the main and supplementary estimates of the Department of Transport again.

Item 424. Nautical Services—Administration, Operation and Maintenance, including grants and contributions as detailed in the Estimates; rewards for saving life from vessels in distress; subsidy to a salvage company; and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 306 of the Canada Shipping Act ..... \$546,871

The CHAIRMAN: Gentlemen, are there any questions in respect of this item?

Mr. HOWARD: Before we get to the consideration of that item, I wonder if it would be too difficult—this has to do with the building of these lighthouses—to have an explanation for the difference in the estimated cost, which appears in last year's estimates, of \$2 million and that which appears in this year's estimate, \$3,500,000?

The CHAIRMAN: That question deals with another vote.

Mr. HOWARD: Yes, this deals with item 420, I imagine.

Hon. GEORGE HEES (*Minister of Transport*): I believe you asked a number of questions the other day in this regard. Mr. Baldwin will be here in a few minutes. He will have the answers for you, I expect.

The CHAIRMAN: Could you wait until Mr. Baldwin arrives?

Mr. HOWARD: Yes, certainly.

The CHAIRMAN: Thank you Mr. Howard. When Mr. Baldwin arrives would you remind me to bring that question up again?

Are there any questions in regard to item 424?

Mr. HOWARD: I wonder if we could have an explanation of this item of grants and contributions in the amount of \$15,000 which apparently is a grant to the British Columbia tow-boat owners' association?

The CHAIRMAN: I am going to ask Mr. Norman Wilson, head of marine services, to answer that question.

Mr. N. WILSON (*Director, Marine Services, Department of Transport*): The explanation of that item lies in the fact that the B.C. tug-boat owners' association have been playing a very large part in the search and rescue program on the west coast. It is through their cooperation that we have taken on one of their former employees as marine coordinating officer at the R.C.A.F. search and rescue centre. This \$15,000 covers his salary and the salary of his assistant.

Item agreed to.

Item 632. (Supplementary) Nautical Services—Administration, Operation and Maintenance, including grants and contributions as detailed in the Estimates—  
Further amount required ..... \$1,000

Item agreed to.

Item 425. Pilotage Service—Administration, Operation and Maintenance, including authority for temporary recoverable advances not exceeding \$20,000..... \$720,258

Mr. FISHER: In connection with the pilotage service item, Mr. Chairman, I have quite a number of questions all related to the negotiations or discussions



that have been taking place between the Department of Transport and its comparable American department in line with the aide memoire which was presented on March 20 to the American Department of State. I just wondered if either the deputy minister or minister is in a position to make a statement on the relationship between the department and the Shipping Federation of Canada in light of the Shipping Federation's attempt to declare its own pilotage district?

Mr. HEES: I am not quite clear what you mean by "relationship" Mr. Fisher.

Mr. FISHER: I have here a copy of a letter written on April 25 by the deputy minister to Mr. Mason, president of the Shipping Federation of Canada. I would like the deputy minister to explain how this letter came to be written, and the background of it.

Mr. J. R. BALDWIN (*Deputy Minister, Department of Transport*): I am not sure which letter you are referring to. I have written several letters on various occasions to Mr. Mason, so I am not sure to which one you are referring. Is that the letter which was written after they had initiated their plan for a pilotage district?

Mr. FISHER: Yes.

Mr. BALDWIN: What particular point do you wish explained? Do you want to know why the letter was written?

Mr. FISHER: Yes.

Mr. BALDWIN: I imagine the point that you are interested in, sir, is the fact that the shipping federation did decide at the beginning of the present year to arrange for pilotage on its own behalf, for ships of its members in the area from Port Weller to Sarnia. They were quite entitled to do this because there is no pilotage district or pilotage authority in the Great Lakes. They decided that the pilotage assistance they wanted was in respect of their operations in the Great Lakes. They made us aware of their planning and thinking in this regard, as I indicated, they were quite entitled to proceed with these arrangements.

My recollection is that the letter was written because, in proceeding with their arrangements, they used a phrase which conveyed the impression they were setting up a pilotage district with the Department of Transport's approval. We felt we should write them a letter indicating our general position which was that they were entitled to do what they were doing but they should not convey the impression that this was a scheme approved by the Department of Transport.

Mr. HEES: Mr. Fisher, perhaps, if that answers your question, I could give you some information on the Great Lakes pilotage situation in general and perhaps that would cover some of the points you have in mind. I will give you this information if you have finished your questions with regard to this particular letter.

Mr. SMITH (*Simcoe North*): I have a question following along that line.

The CHAIRMAN: Has Mr. Fisher finished dealing with this particular letter?

Mr. FISHER: Why did the shipping federation people count on your approval of their going ahead with this arrangement? Perhaps I am taking you into a hypothesis there.

Mr. HEES: Perhaps if I could go ahead—

Mr. SMITH (*Simcoe North*): I have a question which is consequential of Mr. Fisher's question.

This so-called pilotage area that the shipping federation of Canada has set up has no effect in law at all?



Mr. BALDWIN: It has no effect in law.

Mr. SMITH (*Simcoe North*): Does it apply to their members? The only way a pilotage area can be set up is by amending the Canada Shipping Act?

Mr. BALDWIN: Or under the existing authority of the Canada Shipping Act.

Mr. SMITH (*Simcoe North*): In other words by an order in council?

Mr. BALDWIN: That is correct.

Mr. FISHER: Do you mean by that last answer, Mr. Baldwin, that section 324 does give you the power to set up a pilotage district without an amendment to the Canada Shipping Act?

Mr. BALDWIN: I think the answer to that would be yes, if the circumstances were applicable for that type of pilotage district that is contemplated in section 324.

Mr. HEES: Perhaps if I go ahead with my statement it might clear up some of the questions you may like to ask.

The situation on the Great Lakes is, in effect, a private dispute between sailing masters and ship operators. While it relates to pilotage, the Department of Transport has no statutory authority at the present time to deal with pilotage matters on the Great Lakes, and all we have been able to do, therefore, is offer to both parties our good offices in an attempt to resolve the present dispute.

We have for some time been aware that with the completion of the seaway resulting in larger foreign ships entering the Great Lakes, the problem of ensuring navigational competence would come to the fore. The U.S. Congress has been studying legislation which would authorize control of pilotage matters on U.S. waters in the Great Lakes. The exact form which this legislation will take and the way in which it will be administered, i.e. whether generally applicable to all waters or only to certain restricted waters, is something that cannot be determined unless and until U.S. legislation is passed and made effective. Provision, however, is made in that legislation for close cooperation with Canadian authorities on a reciprocal basis.

In view of this situation, we have also put in hand preparation of legislation which would give my department authority to deal with pilotage matters in Canadian waters on the Great Lakes, and it is expected that this will be placed before parliament in due course.

As I understand it, the present issues on the Great Lakes arise from a combination of factors. On the one hand is the question whether a special pilot should be on board a ship in all waters of the Great Lakes or whether, on the other hand, pilotage is needed only on restricted waters; that is difficult channels and approaches and river areas, with no pilot needed on the open waters and the major lakes where no difficult channels or narrow approaches exist. This, in turn, is related to the growing cost of pilotage, and the economic burdens which the ship operators feel that pilotage on all waters would involve.

Mr. FISHER: Could I just interject one question there, Mr. Minister?

Mr. HEES: Yes.

Mr. FISHER: Could the minister tell us whether the Dominion Marine Association and the Lake Shippers' Association have made any representations in this regard? Do they feel this will be an added burden?

Mr. BALDWIN: They do not carry pilots, sir.

Mr. FISHER: That is the point I wanted to make. They have made no protest?

An hon. MEMBER: Why should they?



Mr. FISHER: They have made no protest. You were talking simply about foreign ships when you said that this would place a toll upon foreign ships?

Mr. BALDWIN: This is in respect of ocean going ships.

Mr. FISHER: Either British or foreign?

Mr. BALDWIN: Yes.

Mr. CHEVRIER: This legislation is being introduced in Congress to make pilotage compulsory on the American side, is it not?

Mr. BALDWIN: Yes.

Mr. CHEVRIER: We have no intention of doing that on the Canadian side? Our intention is to make pilotage voluntary. How then is it going to be possible, or to what extent is it going to be possible, to cooperate with the Americans if their pilotage is compulsory and ours is voluntary?

Mr. BALDWIN: In respect of their ships sailing in our waters that have pilots aboard, we will recognize their certificates of competence and they will recognize our certificates of competence. If our ships are sailing in their waters with our pilots aboard they will recognize them as bona fide pilots.

Mr. CHEVRIER: In other words we will introduce legislation that will make pilotage voluntary on our side although it is compulsory on their side?

Mr. HEES: We have not introduced the legislation.

Mr. CHEVRIER: No.

Mr. HEES: This is just being contemplated.

Mr. CHEVRIER: You will have to introduce such legislation, I take it, if there is legislation on the American side?

Mr. BALDWIN: We have not received yet, sir, any official word from Washington. However, you may have seen, as I did, a press report from Washington indicating that the Senate there had suspended action on their legislation to permit further discussion to take place between the United States and Canada, and the United States and certain other countries which had raised certain points with regard to their legislation.

Mr. FISHER: I have a point following that answer. The American people fully recognize that our inland ships sailing under the Canadian flag will not have to carry pilots?

Mr. BALDWIN: Not exactly in the way in which you attribute it, sir. They recognize that if a ship has a person on board who is properly certified according to our regulations they will accept that certification.

Mr. FISHER: Is it not a fact that one of the main reasons for Americans introducing this legislation is because each one of the states has the power to create pilotage districts? One of the reasons for the Americans introducing this over-all federal measure is to get around this situation in order to have a uniform system in all the states?

Mr. HEES: I would not like to comment on the thinking which is behind another country's legislation, Mr. Fisher.

Mr. FISHER: Mr. Chairman, that seems to me to be a bit unfair since this government has made representations to the United States to slow up or stop this legislation until we have had discussions.

Mr. HEES: Just a minute. This country has not made representations to the United States to have them slow up anything. I made that point very clear in the House of Commons the other day. We have had many discussions with them about this, we have told them what we thought about this and they have told us what they thought, but we have not asked them to slow



up anything. I do not intend to comment on the supposed thinking behind legislation which another government is introducing.

Mr. FISHER: I would like to put on the record this statement of Senator Magnuson.

"...that the State Department, which interposed no objections during House consideration, telephoned him Tuesday to urge delay because of opposition by the Canadian Government."

Mr. HEES: We did not ask them to slow their legislation down at all. We simply pointed out our point of view on this whole matter, that is all. That interpretation which you read is an interpretation by a newspaperman of what he considered had happened. We have not, as I say, asked them to slow down. We simply advised them what our thinking was in respect of this whole matter.

Mr. SMITH (*Simcoe North*): In answer to Mr. Chevrier's question of a minute ago it was suggested that pilotage on the Canadian portion of the Great Lakes was to be entirely voluntary. My understanding is that the amendments generally will permit us to have pilotage areas and require pilotage where the government thinks pilotage is essential. Will this be completely voluntary?

Mr. BALDWIN: I think there is probably a slight difference in the terms rather than the realities, sir. In fact there is no compulsory pilotage anywhere in Canada. The Canada Shipping Act is quite clear on that point. No ship can be required to carry a pilot.

However, under certain circumstances you may charge a ship pilotage dues. That is a fairly indirect compulsion.

Mr. FISHER: Is the American situation the same, Mr. Baldwin?

Mr. BALDWIN: No, sir.

Mr. FISHER: They do require pilots?

Mr. BALDWIN: They may require pilots to be carried in certain sections of their pilotage districts.

Mr. FISHER: Has this government made any study as to why the Americans have insisted on pilots being carried? Is it largely for security reasons, or for safety reasons?

Mr. CHEVRIER: I think I can tell you that, for what it is worth.

The CHAIRMAN: Will you tell us, for what it is worth, Mr. Chevrier?

Mr. CHEVRIER: The Americans feel that a Panama canal ship should not be taken through that canal without a pilot. They think the St. Lawrence seaway should be operated in the same manner. Those are the representations they made to us when I occupied another position.

I know that Mr. Castle was very anxious to have compulsory pilotage on the two locks of the American seaway simply because compulsory pilotage had operated well in the Panama canal.

The CHAIRMAN: The Panama canal, Mr. Chevrier, is a much narrower canal than the St. Lawrence.

Mr. BIGG: It is strategically more important as well.

Mr. FISHER: Is the fact that they are worried from a security point of view one of the reasons?

Mr. HEES: That might be but again I do not want to comment on the thinking behind another country's action or proposed action.

Mr. FISHER: Let us put it from a Canadian point of view, Mr. Chairman. Does the minister conceive of there being any security dangers along the Great Lakes-St. Lawrence sea routes from foreign shipping?

Mr. HEES: We do not think so.

Mr. FISHER: When accidents occur along the Great Lakes-St. Lawrence routes is it necessary that a report be submitted to the Department of Transport?

Mr. HEES: If the accident occurs in Canadian waters, yes, we always get a report.

Mr. FISHER: All accidents are reported to the Department of Transport?

Mr. HEES: Yes. There is no legal requirement, but it certainly is customary.

Mr. FISHER: There is no legal requirement in respect of reporting an accident?

Mr. HEES: No.

Mr. FISHER: Since the period when these foreign ships started sailing the upper Great Lakes without any pilotage, have you any record of accidents in which they have been involved?

Mr. HEES: I would like to answer that question.

We certainly know if there is an accident that takes place within our waters.

The CHAIRMAN: Have you a question Mr. McDonald?

Mr. McDONALD (*Hamilton South*): No, Mr. Chairman. The last answer also answered my question.

The CHAIRMAN: Are there any further questions on item 425?

Mr. HEES: I might add here that although foreign ships do not have to report accidents, British and Canadian ships must report accidents.

Mr. FISHER: Did you have more of your statement to complete, Mr. Minister?

Mr. HEES: Yes.

Based on a request for very substantial increases in pilotage rates from the private pilots on the Great Lakes this year, the Shipping Federation decided to discontinue its previous practice of using pilots on all Great Lakes waters, and use them only on certain restricted waters, namely, the area between Port Weller and Sarnia, which covers the most difficult area of the Great Lakes.

My department, in indicating to both the Shipping Federation and the sailing master that it would be willing to meet with both parties at any time, has also indicated that although we lack statutory authority to deal with pilotage on the Great Lakes, from the marine point of view, we feel safe navigation is feasible with either general use of sailing masters in all waters, or more limited use in restricted waters. This is largely a matter of proper planning.

We ourselves will not be reaching any final determination on the policy we would or should follow in this regard unless and until we see what legislation will be authorized by the U.S. Congress; and, of course, unless and until Parliament sees fit to authorize legislation giving us the authority to deal with this matter in Canadian waters on the Great Lakes as well.

Mr. FISHER: Mr. Chairman, is there a conflict between this statutory authority mentioned in the statement the Minister has just made and section 324 of the Canada Shipping Act?

Mr. BALDWIN: No. We do not consider that section 324 is adequate to deal with the Great Lake's situation, sir.

Mr. FISHER: It has been expressed to me by certain members of the Great Lakes Pilotage Association that they feel their problems are dealt with by



the departmental officials who are mainly deep-sea men. They feel that answers to their questions tend to be expressed by departmental officials with certain antagonism toward Great Lakes pilots.

I am not suggesting that this is so but I would like to have an answer. Is it a fact that the officials of the department who handle the marine aspects or the pilotage aspects in the Great Lakes system are men with deep-sea background?

Mr. HEES: I believe the attitude adopted by the people handling these matters in the department is a fair one and one which is not biased in any way.

Mr. FISHER: Is it a fact that your departmental officials are 100 per cent deep-sea trained men?

Mr. HEES: Captain Slocombe who is sitting at this table has had six years on the Great Lakes.

Mr. FISHER: Where did he take his initial training?

The CHAIRMAN: I shall ask Captain Slocombe to answer your question.

Captain F. SLOCOMBE (*Chief of Nautical Services, Department of Transport*): I had a foreign-going master's certificate but I went up on the lakes and started in again as a deck hand and I worked up to chief officer on the lakes. So I do know something about the Great Lakes.

Mr. FISHER: I was not insinuating that you did not know anything about the Great Lakes, but rather that there was a basic antipathy towards inland men.

Mr. HEES: We feel there is no antagonism towards anybody. I say that definitely and directly. I am confident that the officials of this department deal in a fair and objective manner with any problems which come before them and without any bias whatsoever.

Our job is to do a fair-minded objective job, and if we do not do it, I would be interested to learn of specific instances where we did not.

Mr. FISHER: May I ask if the fees which are charged by the Shipping Federation of Canada to its own members are completely their own business?

Mr. HEES: It is completely their own business.

Mr. FISHER: You made a statement concerning representations or discussions with the United States. The minister has made a statement here that he is worried about the high cost of pilotage fees which might be a burden on shippers and therefore ruin some of the effects of the seaway. Yet you said that the Shipping Federation of Canada on the Great Lakes took a view which coincided with your view.

Mr. HEES: If the Shipping Federation of Canada should happen to take a view which coincides with ours, that is not criticism of us.

Mr. FISHER: It is exactly the same view.

Mr. HEES: It is my conviction and the conviction of my department that to impose pilotage fees upon shippers where pilots are not necessary amounts to imposing an extra and unnecessary burden on shipping charges generally which must be borne by the consuming public eventually.

Mr. FISHER: Nevertheless, Mr. Minister, the United States coastguard does not agree with that point of view.

Mr. HEES: I do not care what the United States coastguard agrees with. That is my opinion and the opinion of my department.

The CHAIRMAN: Are there any other questions on 425? If not, please turn to supplementary item 633.

Items 425 and 633 agreed to.

Item 426. Steamship inspection service, including the carrying out of the provisions of the conventions for the safety of life at sea and load lines, and contributions as detailed in the estimates ..... \$999,901

Mr. MCBAIN: Could we have an estimate of how often these inspections are carried out?

Mr. HEES: Mr. Cumyn will answer your question.

Mr. A. CUMYN (*Director of Steamship Inspection, Department of Transport*): Inspection of passenger ships is carried out annually. On very small passenger ships under the ten ton range, I would say it is carried out quadrennially.

Inspection of non-passenger ships is carried out quadrennially but there is a form of annual inspection which is very minor. There are no inspections made of pleasure boats.

The CHAIRMAN: Are there any other questions?

Mr. HOWARD: Are there any charges made to the company which own the ship which you inspect in regard to the inspection? Is any part of the cost of the inspection charged to the shipowner?

Mr. CUMYN: Yes, there is a fee for inspection which is based on tonnage. If an inspector travels to the United States, his travelling expenses in the United States are recoverable by the department.

Mr. HOWARD: But not domestically?

Mr. CUMYN: No sir.

Mr. HOWARD: I was wondering about that. I cannot find any reference to it although it may be here in the details of inspection service. Where is reference made to the estimated income from this type of charge, if it is made?

Mr. BALDWIN: Do you mean income from steamship inspection fees?

Mr. HOWARD: Yes sir.

Mr. BALDWIN: I am not sure if we have it.

Mr. CHEVRIER: Is it under this section that we consider the small boat regulations of the department?

Mr. BALDWIN: Partially under this and partially under nautical services.

Mr. CHEVRIER: I was going to ask you how the investigation into the fatality concerning the R.C.M.P. officers was going along and who was doing it?

Mr. BALDWIN: Answering Mr. Howard's question first, the annual fees under steamship and inspection in 1958-59 are calculated to amount to \$115,000.

Mr. HOWARD: Where is that shown in the details of the estimates?

Mr. BALDWIN: I doubt if it would be shown in the details of the estimates book. It might appear in the Auditor General's report or something of that sort.

Mr. HOWARD: But eventually it is reflected in the total?

Mr. BALDWIN: No, it comes directly under the Consolidated Revenue Fund.

Mr. CHEVRIER: Might I ask how the investigation is proceeding into the loss of life of the R.C.M.P. officers, and who is doing it?

Mr. BALDWIN: On that particular question there was a very thorough inquest held by the Coroner's Branch with Department of Transport personnel participating both as observers and as witnesses.

We feel that the information brought out in that context covers the situation pretty adequately unless we should receive a special request to make further formal investigations.

Mr. HEES: Yes, I read the report and I believe it was a very very thorough investigation. There are two points which affect us which you might care to have explained. First, as to our dealings in future with these plaques which have to be put inside small boats, and as to the life preservers. Would you like to have an answer?



Mr. CHEVRIER: Am I to take it that the Department of Transport is not making an investigation.

Mr. HEES: We do not think there is any need for further investigation because, having read the transcript of evidence taken at the inquiry, every detail appears to have been adequately covered.

We are taking action in regard to the two matters I have spoken of.

The CHAIRMAN: Mr. Smith (Simcoe North).

Mr. SMITH (*Simcoe North*): It is proposed to change the loading plates that are attached to the small boats?

Mr. BALDWIN: Yes. We have been in touch with the Canadian Boating Federation which has cooperated with us in establishing this scheme for loading plates. It is a voluntary scheme to be used by the manufacturers; and we have agreed with them now on the different types of boats upon which new plates are to be installed.

Mr. SMITH (*Simcoe North*): It will include a statement that load includes equipment?

Mr. BALDWIN: I do not think the exact wording at the moment is cleared, but when we say gross load, that means everything, passengers as well as other items.

Mr. HEES: Including the engines, of course.

Mr. DRYSDALE: What provision is made to test life preservers?

Mr. BALDWIN: There was a very thorough scheme worked out in cooperation with the manufacturers under which specifications are laid down in regulations by the Canadian government by a specifications board which included both governmental and industrial representatives. Every new type of life preserver is subjected to a very intensive flotation test by our own steamship inspection branch before it is approved.

Mr. DRYSDALE: When the item is tested in the first place and approved, is there a subsequent testing that takes place on the boats?

Mr. BALDWIN: No. When they receive governmental approval it is an indication that it meets the requirements in the matter of flotation tests and so on.

Mr. DRYSDALE: What do you mean?

Mr. CUMYN: The inspectors examine the life jackets to see that the canvas has not become ripped or that the kapok has not lost its buoyancy, and to see if all these things are still strong and that the life jacket generally is in a serviceable condition.

Mr. HALES: Is it under this inspection service that fire protection on passenger boats is considered?

Mr. HEES: Yes it is.

Mr. HALES: And there is an inspection for fire protection and fire drill and all the rest?

Mr. HEES: Mr. Cumyn will answer your question.

Mr. CUMYN: In respect to passenger ships, we have men who visit every large passenger ship at least annually and who carry out a survey of the discipline and training of the crew.

The steamship inspector when he issues the certificate for the ship also enquires to some extent into that part of it.

Mr. BIGG: I understand there is no inspection made of boats under 10 horse power?

The CHAIRMAN: That is right.

Mr. WRATTEN: Is it the intention of the department that the weight plates to be put on small boats such as the 14 to 15 feet pleasure boats?

Mr. BALDWIN: This is a voluntary scheme which we have developed with the cooperation of the Canadian Boat Federation and the manufacturing and distributing industry. We cannot compel anyone to put on a plate, but we have achieved excellent cooperation in persuading them to do so. I think virtually the great majority of boat manufacturers—pleasure boat manufacturers producing boats for outboard engines—are now using these plates.

Mr. WRATTEN: I was wondering, when there are so many small owners of boats and boat makers who turn out four or five pleasure boats a year.

Mr. BALDWIN: We have not been able to cover all of them, but we have found virtually everybody cooperating with out inspection.

Mr. HEES: The publicity that has come out recently regarding this accident I think will make more and more boat buyers look for that particular plaque in future and make sure that they do not overload their boats.

Mr. McDONALD (*Hamilton South*): Is it contemplated by the department to set up certain regulations with respect to small boat owners, for example, that a child 10 years old cannot sail a 35 horse power 14 foot boat around a lake by himself?

I have been up north a lot, and we all know there have been many accidents in the last few years. Does the department contemplate any type of regulation with respect to the age of people who would be sailing any boats of this nature?

Mr. HEES: No. I think you have to leave a certain amount up to the common sense of the boat owners themselves.

Mr. McDONALD (*Hamilton South*): The automotive industry started out some time ago, and I feel within the next ten to twelve years that the boats on these small lakes will be of a very substantial size.

Mr. WRATTEN: You would need the whole Canadian army to police them.

Mr. CHEVRIER: I doubt very much if the Department of Transport could regulate such a thing because it does not come under the jurisdiction of the federal government. It is a provincial matter and it falls under property and civil rights.

The federal government I think has jurisdiction over the matter because of the navigation aspects only, but I do not think they can go further than that.

Mr. BALDWIN: We have statutory authority to invoke a system of licensing the boat operators. We now just license the boats but we could license the boat operators as well.

We have discussed this on more than one occasion with the various interested groups. It came up at the meeting which we held last winter with the industry and various boating groups.

One of the problems that always arises is the one referred to by Mr. Wratten, namely, that it would take a very large organization to police adequately the small boat field in this matter.

The other thing is that there are a great many difficulties in invoking your inspection and licensing system for operators, and the general consensus seemed to be that while it may become necessary some day, it was very important now to try to see what we might achieve through the means of education and cooperation by introducing new laws and new by-laws.

So I think we shall have further recommendations and discussions on this subject of licensing operators, but we have not yet reached the point where we think we should.

Mr. McDONALD (*Hamilton South*): Does it not come under the jurisdiction of the provincial police of Ontario, for example, to prosecute boat offenders on the lakes, or does it come under the R.C.M.P.?

Mr. BALDWIN: Any police authority may enforce the federal small boat regulations, be that authority provincial, municipal or the R.C.M.P.



The CHAIRMAN: That is, if a complaint is made to them.

Mr. BALDWIN: Yes, or if they happen to be there and they see something happen right on the scene.

Mr. CHEVRIER: What is the position with reference to the safety of life at sea convention? When was the last one held?

Mr. CUMYN: The last convention with respect to safety of life at sea was held in 1948. We have a record of requests for another convention to be held. I believe that the required number of signatories for the holding of another convention have been received and it is proposed to hold one in 1960.

The CHAIRMAN: Are there any other questions?

Mr. MCBAIN: At the present time do I understand that there are no fees or licence charges made for small boats?

The CHAIRMAN: There are no charges. Are there any more questions on item 426?

Mr. MCBAIN: A certain inspection takes place with respect to subsidized steamships and boat lines in order to ascertain whether they are providing adequate service. Does that come under this department or under another department?

Mr. HEES: Mr. Audette, the chairman of the Maritime Commission will answer your question.

Mr. L. A. AUDETTE (*Chairman of the Maritime Commission*): Would you mind repeating your question, please?

Mr. MCBAIN: My question is this: does the inspection of subsidized steamship lines come under this department and does it ascertain whether they are adequately providing service?

Mr. AUDETTE: It is done by the Maritime Commission. It is completely different from the inspection service which you are discussing. The inspection service carried out by the Maritime Commission relates entirely to the adequacy of the ship for the service, and the services carried on by the ship.

The actual technical inspection for safety comes entirely within the jurisdiction of Mr. Cumyn's branch, namely, the steamship inspection branch. Our inspection relates only to the services rendered.

Mr. MCBAIN: Under what number would that come?

Mr. HEES: It comes under the Maritime Commission.

Mr. AUDETTE: I think it is 471 in fact.

The CHAIRMAN: Would you mind waiting until we come to that item?

Mr. MCBAIN: Very well.

The CHAIRMAN: As soon as we are through on page 77 we are going to take up the Maritime Commission which is to be found on page 83.

Are there any other questions on item 426?

Mr. HEES: We shall keep on marine services, and these allied types of questions may be dealt with together.

Mr. HOWARD: In respect to steamship inspection service, is any thought given to, or any inspection made of the efficiency of the employees working on the particular line that is under inspection?

The CHAIRMAN: Please speak louder.

Mr. HOWARD: I wondered in conjunction with the inspection of the steamer itself, if any thought was given to the efficiency or capabilities of the employees working on that particular boat.

I am thinking particularly of a statement which appeared within the last week or so relating to the inefficiency, so-called, of the people working on

the Canadian Pacific boats running between Vancouver and Burrard. That line is not operating at the present time.

Mr. CUMYN: Of course the act requires all officers to be certificated after due examination. The act also requires the crew to be sufficient as well as efficient.

With respect to passenger ships we do what we can to insure the efficiency of the crew by, during the inspection, having them throw out the lifebelts, try the fire extinguishing equipment, and making sure they are familiar with it. We also have employees visiting each passenger ship at least once during the year to check up on these things.

With regard to the efficiency of the employees and the crews as well as the officers, with respect to cargo boats we only inquire into it at the time of the annual inspection.

Mr. HORNER (*Jasper-Edson*): How many inspections were carried out last year?

The CHAIRMAN: We could supply those figures for the next meeting if that would be satisfactory. Is it satisfactory?

Mr. HORNER (*Jasper-Edson*): Yes.

Mr. HOWARD: Is it your opinion that in so far as the Canadian Pacific run from Vancouver to Vancouver Island is concerned, the officers and the crew meet with the requirements which you set out earlier, of being certificated and being capable?

Mr. CUMYN: Yes, sir.

The CHAIRMAN: Are there any further questions on item 426?

Item 426 agreed to.

The CHAIRMAN: Shall item 427 carry?

Item 427 agreed to.

Mr. BALDWIN: Items 428 and 429 are related, Mr. Chairman.

The CHAIRMAN: Very well, items 428 and 429 will be taken together. Are there any questions?

Mr. HOWARD: What I have to express relates to item 429, but I wonder if, following the passage of item 429 we would, with the consent of the committee, revert to item 419.

The CHAIRMAN: You mean on the question you asked before?

Mr. HOWARD: Yes.

The CHAIRMAN: Very well.

Mr. HOWARD: I have one or two other thoughts on it.

Mr. BALDWIN: They were the same answers you asked for last time?

Mr. HOWARD: Yes, and some more in addition.

The CHAIRMAN: Are there any questions on items 428 and 429?

Items 428 and 429 agreed to.

We want to get the supplementary here, item 636 on page 12 of the supplementary estimates.

Item 636. (Supplementary) To provide for the expenses of an inquiry into the coasting trade of Canada authorized under the Inquiries Act, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the Treasury Board to officers, clerks or employees permanently employed in the civil service for services rendered by them in connection with the inquiry .....	\$15,650
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Mr. HOWARD: Is this the Royal Commission?

Mr. BALDWIN: It is a wind-up item.



Mr. HOWARD: You mean to wind up the cost of the Royal Commission?

The CHAIRMAN: Are there any questions? It is at page 12 in the supplementary estimates?

Mr. CHEVRIER: Is anything being done about amendments to the Shipping Act and with reference to the movement of freight from one Canadian port to another?

Mr. HEES: There is nothing planned at the present time.

Mr. CHEVRIER: There is opposition with reference to extending to American shippers the same privilege that Canadian shippers have and vice versa. Some representations were made by the United States government.

Mr. HEES: There is nothing under discussion in that line at the present time.

The CHAIRMAN: Are there any further questions?

Item 636 carried.

Mr. HOWARD: Now, on item 419?

The CHAIRMAN: Yes.

Mr. HOWARD: I asked originally for the difference in the estimated total cost of the light ship in the Prince Rupert agency. I noticed that in last year's estimates it was estimated to cost \$2 million, while this year the estimate is \$3,900,000.

Mr. BALDWIN: This is the Prince Rupert ice-breaker.

Mr. HOWARD: We do not have any ice up there.

Mr. BALDWIN: This is the ship referred to earlier. The main difference in cost is: first, because the first estimate was included only for estimate purposes and before the plans were drawn up. Secondly, we decided to build it to ice-breaker specifications so it could go into the western Arctic in the summer months. That accounts for the larger part of the increase.

Mr. HOWARD: I have had a considerable amount of correspondence with both the minister and Mr. Wilson on a matter. It relates to what we classify as side-wharfage rates for floats at Ocean Falls.

I realize there has been an order in council in respect to it, I believe, since 1956, which sets out uniform rates to be charged for non-commercial boats, small pleasure craft which are using the side wharves.

Now, last year, or somewhere around the middle of last year, it was said that the rates charged at Ocean Falls were not in conformity with those set out in the order in council, with which your officials are familiar. The rates were probably two or three dollars a month. I do not know if this difference bore any relationship to the size of the craft using the floats or not. But subsequently somebody in Ocean Falls began to wonder about the arbitrary application of a \$2 or \$3 a month rate.

The department then looked into it and said "You are not charging the proper rates here, so let us collect the full charges". This resulted in the application of the rates which are set out in the schedule or in the regulations, imposing a minimum charge of \$7.50 a month, as compared to the \$2 or \$3 a month charge which was in effect before. As I said earlier, I know that these are uniform, that these are set up in the regulations and that they are now being enforced.

Ocean Falls is a sort of peculiar place compared with many other communities along the coast of B.C. in that the residents there are almost completely isolated, with the exception of being able to get out by steamer or aircraft to the lower mainland or some other parts of the coast.

The people there look upon pleasure craft and small boats as you and I would normally look upon automobiles. They use them for the same purposes.

There are a few cars around Ocean Falls but there is not much sense in having one because there is no place to go. There is only about one mile of road that starts at Ocean Falls and ends up in the bush somewhere. Consequently cars are not used. People use these pleasure craft in the same way that you and I use cars.

They feel that the application of the charge set out in the schedule is unfair. It is, as I said earlier, resulting in a minimum charge of \$7.50. They feel some adjustment should be made in that regard. They feel some provision should be made in the regulations in order that the minister may declare side wharfage rates at variance to the present one cent per lineal foot per day rate, or a minimum of 25 cents per day, as applied to places like Ocean Falls.

I have had all sorts of correspondence regarding this situation. So far the answer given in respect of any representations that have been made up to the present time boil down to "no, we are not going to change it".

I am formally making a special appeal here that the minister undertake to review this question of making a recommendation to the cabinet for an amendment to this order in council to allow the minister to make special rates in respect of such places as Ocean Falls where they have circumstances peculiar to it which are not peculiar to other communities.

Mr. HEES: Yes. We will be glad to have a look at it and see what we can do.

Mr. HOWARD: Well—

Mr. HEES: Well—?

Mr. HOWARD: You know the necessity of doing this as well as I do. I know you are a very generous person and that you will do more than just take a look at it.

Mr. HEES: Yes. We will give it very serious consideration. We really will. Item agreed to.

Mr. HEES: The deputy minister informs me that he has the answers to a lot of questions that were asked at a former meeting. Would it be all right if he handed them over to you now?

Mr. BALDWIN: These answers have to do with aids to navigation. I can give them to you now, or I could read them into the record.

The CHAIRMAN: Would you like those answers put on the record?

Mr. HOWARD: I do not think that is necessary.

The CHAIRMAN: Mr. Baldwin could just hand them to you now.

Mr. BALDWIN: I could send you a letter.

Mr. HOWARD: A letter would be fine.

Item 470. Canadian Maritime Commission. Administration ..... \$153,488

Mr. NIELSEN: Mr. Chairman, have we taken up items 459, 460 and subsequent items yet?

The CHAIRMAN: We are not taking items dealing with aviation yet. At this time we are attempting to finish with marine services. Following that we will move to the items dealing with railways.

Mr. CHEVRIER: Mr. Chairman, do you not think we should have a general statement in respect of the maritime commission?

Mr. HEES: The annual report either has been tabled or is in the process of being tabled.

Mr. HOWARD: Yes, it was tabled yesterday.

Mr. HEES: It was tabled yesterday?

Mr. HOWARD: Yes, by the Minister of Transport.



Mr. HEES: That is what I thought. I gave instructions that it should be tabled and I thought that it was.

Have you a copy of that report here?

Mr. CHEVRIER: Could we have a general statement in respect of the current position of the maritime commission dealing with Park Steamships, for instance?

Mr. HEES: Mr. Audette will deal with Park Steamships to start with, if you wish.

Mr. L. AUDETTE (*Chairman, Canadian Maritime Commission*): I am not sure what information Mr. Chevrier would like in this regard.

Park Steamships, of course, at this point is a relatively inactive corporation. There are still a few claims being dealt with every year but the corporation itself is not active. It does not have a paid staff of its own. Its directors are all members of the commission, and one member is a member of the staff of the commission.

Mr. CHEVRIER: Have you a copy of the report that was tabled yesterday that we could have?

Mr. AUDETTE: I have only one typewritten copy, sir, which I intended to use for printing.

Mr. HEES: We could have mimeographed copies of that report run off in time for the next meeting.

The CHAIRMAN: Would that suggestion be satisfactory?

Mr. CHEVRIER: I think in order to deal with this item we should know what the annual report states.

The CHAIRMAN: Would you like to have that item stand until the next meeting?

Mr. CHEVRIER: I do not want to have the item stand unnecessarily, but I was wondering if the chairman could give us a summary of what the annual report contains. Perhaps that would answer the question.

Mr. AUDETTE: The report is, unfortunately, as you know, a factual report which deals with the state of the Canadian flag fleet. We usually publish a summary of the changes that have occurred during the year.

We have also reviewed in our report the situation on freight rates on the ocean. This has been nothing less than disastrous in this last year, I would say.

We have covered the labour situation which, of course, last year had certain complications. It does not include in that the present C.P.R. strike because the commission's report covers only the period from April 1 of one year to March 31 of the next year.

It covers also the situation of Canadian ports which, however, is really a matter for the National Harbours Board.

It covers also the replacement plan. It covers the operation and the transfer plans both of which I believe Mr. Chevrier is very familiar with, as they were initiated some time ago when he held another post.

Mr. CHEVRIER: What is the position of the replacement fund now?

Mr. AUDETTE: The position, at the moment, sir, I would say is, there are some nine ships building under it. Indeed, I have been drafting a reply to a question put by you in the House of Commons which will contain full details of this.

There are approximately nine ships building at the moment.

Mr. CHEVRIER: You were about to say something about coasting trade?

Mr. AUDETTE: The coasting trade, as you will know, has been the subject of a royal commission report recently. The report was published as of March 31. However, this report does give certain statistics and recent figures on the coasting trade. That is really all that it contains. It is purely a factual report.

There is also a report in respect of the trade between the Great Lakes and overseas ports. The report goes on to deal with the situation of the shipbuilding industry.

It deals also with the subsidized steamship services. It deals with special items such as military movements with which the commission has been assisting the Department of National Defence. This deals with the movement of government controlled cargoes through mutual aid and that sort of thing wherein we have a special policy in order to assist those lines which are on regular liner service business and are serving Canadian overseas trade.

These cargoes are divided equitably among those lines by a committee consisting of the lines themselves, who do the allocation, subject to appeal to the commission if difficulties arise.

This report contains a short paragraph on the progress of IMCO, the inter-governmental maritime consultative organization that has been set up by the United Nations. It is now progressing quite favourably in view of the necessary number of regulations that have been made by the preparatory committee. The first assembly of this body will meet in London next January.

Mr. CHEVRIER: What is the position with reference to the transfer of ships? How many are there on United Kingdom registry?

Mr. AUDETTE: At the moment I believe there are 61. I am accurate within one or two. I think it is 61. I am right, it is 61.

Mr. FISHER: Mr. Audette the Chairman of the Canadian Maritime Commission shepherded an amendment to the Canadian Vessel Construction Assistance Act through committees last year. Would questions in that regard come within the purview of this item in the estimates?

Mr. AUDETTE: Yes, I would say it does.

Mr. FISHER: I was just wondering what effect that has had. Have you been able to notice any effect at all?

Mr. AUDETTE: It is a little early to tell. Indeed, it has stirred up interest within the industry. We have had many inquiries, some of which have been extremely encouraging. Since people have realized they will receive certain benefits in this regard they are perhaps prepared to engage in more Canadian building. I really can only say at this point that I am hopeful it will be quite beneficial. It is too early for me to make a statement in respect of its benefits.

Mr. FISHER: I asked a general question last session in relation to the fact that we had a shipyard in our area which has a higher cost factor than other shipyards further out in salt water. I wondered if it would be possible to create an allowance to give a shipyard like that an advantage in order to follow this up?

Mr. AUDETTE: I am sorry, I interrupted you there.

Mr. FISHER: Would it be considered, or could that be considered?

Mr. AUDETTE: It would not be possible under the act because, indeed, what the amendment to the Canadian Vessel Construction Assistance Act did was to give to people a statutory right to certain specific benefits. It would not be possible for me to say to one, "You must have a little less because you have cheaper labour" and to another, "You may have a little more". I am bound by statute not to exceed a certain amount and I am equally bound by statute not to give less to one group or section or class, or area than to another.



Mr. CHEVRIER: Could you answer Mr. Fisher's question by telling us how the original act, which was introduced to assist this kind of shipbuilding, worked out?

Mr. AUDETTE: I have no doubt, sir, that it worked out extremely well. Now that there are even further benefits, of course, a great deal of an advantage has been taken of that act. There is always, of course, the intangible factor, and one does wonder how much of it would have been done in any event.

There is a list of the total number of capital cost determinations made, published in the annual report, which now exceeds 100. Unfortunately this is not totalled. In 1957 alone 72 capital cost determinations were made under the old act totalling well over \$15 million—\$15,500,000 roughly.

Mr. CHEVRIER: How many applications have there been under the amended act?

Mr. AUDETTE: Sir, they will not be available until next year. I do not know at this point.

Item agreed to.

Item 650. Canadian Maritime Commission. Administration—Further amount required .....	\$14,665
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Item agreed to.

Item 471. Canadian Maritime Commission. Steamship Subventions for Coastal Services, as detailed in the Estimates .....	\$4,898,000
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The CHAIRMAN: Are there any questions with regard to that item?

Mr. HOWARD: Yes.

The CHAIRMAN: We could see, Mr. Howard, that you were just waiting for this item.

Mr. HOWARD: Yes. I have a question or two in regard to this matter of subvention as Mr. Audette and the minister will know.

I have expressed certain thoughts in this regard in the House of Commons on two occasions. I do not see the need for going over those reasons again at this time. However, there is still a great discrepancy. I am not complaining one bit about the subventions payable to Atlantic shipping facilities, but there is a great discrepancy between that which prevails on the Atlantic coast and that which prevails on the Pacific coast.

In my opinion there is still great need—either through subvention, or through the construction and acquisition of other vessels to be either operated by the Department of Transport, or turned over to the C.N.R. to operate—for the establishment of something similar on the west coast, particularly in the constituency that I represent.

Notwithstanding the present strike against the C.P.R., but assuming that their service along the north coast was the same as it was before the strike, there are still a great many communities that are completely isolated when it comes to passenger service.

Under Union Steamships arrangements, when they were receiving the subsidy or subvention, ships called at a number of these places, but since that was discontinued and the C.P.R. entered into operation along those routes there has been a depreciation in the service, and some of these communities have been completely out of the picture. They are not being serviced at all, or only in an unsatisfactory way by freight boats.

I know that the answer given is that some form of transportation is provided through aircraft feeder services from some of these more isolated places to central points where they can catch steamers going north and south. This is quite inadequate especially during the time of the year when the

weather is bad along the coast when aircraft cannot fly. Of course, we do not like to admit the weather is bad, but it is during the fall, winter and early spring months.

Not only is this service very inadequate because of weather conditions, it is very inadequate because of the terrifically extra cost involved to the people who want to get from one isolated place out to say Ocean Falls where they can catch a steamer.

The only solution I can see is either for the department to enter into additional subsidy or subvention arrangements with companies, or to enter into the field directly by providing the vessels necessary to give service to these isolated places.

We have the Prince George—a C.N.R. pleasure boat—which is tied up somewhere along the lower mainland for eight or nine months out of the year. It sits unused during that time and then enters into service in the summer months to handle the tourist trade. This, in my opinion, is a terrific waste of passenger facilities which could be put into operation.

The over-all solution is to either enter into additional subvention arrangements, if shipping companies can be found who will agree to accepting the subsidy, and to provide services to these isolated places, or for the Department of Transport to buy and build vessels themselves, just as they do on the Atlantic coast, and turn them over to the C.N.R., as they do on the Atlantic coast, to provide services to these places.

The over-all end result which I would like to see, as I have expressed a number of times, is the complete coordination of shipping services under one agency instead of having a number of small concerns operating here, there and everywhere with no general plan, and no service provided to isolated places.

As I have said, and I have expressed this thought in the house and publicly, I wonder whether inasmuch as the minister is probably familiar with my thoughts on the matter and inasmuch as he is familiar to a degree with the necessity of such services along the coast—having been out there on one occasion that I know of for more than just a passing visit—whether he would have some opinions or ideas regarding policy in respect of this matter?

MR. HEES: We are anxious at all times to provide adequate service at reasonable cost. That is what we think our job is.

In view of this latest C.P.R. service together with the services that communities are receiving by airlines out there, I was under the impression that the job was being done satisfactorily. If there are particular cases where the people are suffering hardships through our not supplying adequate services we would be very glad to look into those particular cases, Mr. Howard.

I was under the impression that these present services were working out pretty well.

MR. AUDETTE: I might add, right in line with what you have said, negotiations are now underway with a contractor to supply further services in the Bella Coola area, for lack of a better word. I had rather hoped that service would start today. That is not so. It will not start today. I have been seeking information from the contractor to ascertain how far the building of this ship for these purposes has progressed. I have not been able to obtain that information in time for this committee meeting.

MR. HOWARD: Could I ask Mr. Audette whether he feels it would be wise, or whether he is in a position at this time, to disclose the name of this contractor?

MR. AUDETTE: There is no objection to disclosing the name. It is the Northland Navigation Company.



Mr. HOWARD: What route will this ship follow?

Mr. AUDETTE: They will operate a weekly service handling passengers and freight. They will leave Vancouver calling on Englewood, Sointula, Bella Coola, Ocean Falls, Campbell Island, Klemtu, Butedale, northbound, and southbound calling on Butedale, Klemtu, Campbell Island, Sointula and Vancouver.

Mr. HEES: How does that deal with what you had in mind?

Mr. HOWARD: It covers part of the problem.

Mr. HEES: We are making a start.

Mr. HOWARD: We are making headway.

We discussed, you may recall, this situation last session of parliament, when the Union Steamship Company in fact did fall out.

In addition to that, as I expressed at that time, there was service primarily provided by Union Steamship to the Queen Charlotte islands with a north island run to Massett, Pt. Clement and Shannon bay, and so on and to the port of Prince Rupert. There is no such service there at the moment, not one boat. We had hoped, as you will recall I expressed, that the C.P.R. would run the Queen of the North up there possibly as the Union Steamships did, making an alternate every other week trip to the Queen Charlotte's.

Mr. AUDETTE: There are technical reasons which prevent the C.P.R. from going there. There are certain safety reasons preventing that vessel from operating there.

Mr. HOWARD: That is what I understand and it is most unfortunate.

Mr. F. LATCHMORE (*Inspector, Subsidies Branch, Canadian Maritime Commission*): The Union Steamship Company run a freight vessel to the Queen Charlotte islands on a weekly service. They have passenger accommodation for six passengers. I was in Vancouver last week and I understand they are submitting further proposals to the government in connection with larger passenger accommodation on that vessel in order to serve the Queen Charlotte islands.

Mr. HOWARD: In conjunction with that, does the Union Steamship Company also contemplate asking for subsidies in respect of this particular run?

Mr. LATCHMORE: I believe that the traffic to the Queen Charlotte islands is down very considerably just now. The logging industry is experiencing a bit of a decline out there. The Union Steamship Company is losing money at the present time on this freight service. They contemplate asking for a subsidy, but I do not know how much.

Mr. NIELSEN: Mr. Chairman, I wonder if I might recall to the members of the committee the remarks I made with respect to coastal shipping and its impact on northern development. This is the item in respect of which I should have made the suggestions which I made at the last committee meeting.

The cost of transporting goods to the Yukon through the Port of Skagway is one of those retarding features in respect of appreciable progress in northern development, particularly in the northwestern Pacific area. I would suggest once again that if there is an intention on the part of departmental officials to negotiate with contractors in respect of providing service to one part of the Pacific that perhaps that intention might be extended to include the north Pacific region I am thinking particularly of Alaska and the Yukon. Those are the negotiations that are necessary to bring the United States and Canada together in respect of this all-important policy of coastal shipping.

I was very pleased this morning to hear the news that Alaska is now the forty-ninth state. Perhaps following this achievement the United States might have a change of heart in respect to the protectionism which applies to coastal shipping, from which Alaska is expressly excluded, I might add. I

would suggest that Alaska and Canada's Pacific northwest is in the same economic position as far as northern development is concerned, and if anything could be done to reduce shipping costs it would have a tremendous impact on the acceleration of the development of this northern area, particularly on the cost of construction which is now 40 per cent higher than in Vancouver mainly because of the excessive freight rates, and because of this anomalous situation that exists where there is no economic backing from the northern part of the United States.

Again I put this suggestion forward in the hope that it will be earnestly and seriously considered by the Department of Transport, Mr. Chairman.

Mr. HORNER (*Jasper-Edson*): Mr. Chairman, speaking as a member representing a completely landlocked constituency, having regard to this \$5 million approximately in subvention or subsidies, could we perhaps be given a breakdown of the amount of freight, the number of passengers and the population that is being served as a result of these subsidies?

Mr. HEES: There are a great many services involved, Mr. Horner.

Mr. HORNER (*Jasper-Edson*): I am trying to find out what service is being provided as a result of this subvention.

Mr. HEES: A breakdown such as you suggest could be done but it would be quite a job.

Mr. HORNER (*Jasper-Edson*): Has the Maritime Commission ever made such a breakdown?

Mr. HEES: That information is all on paper but it would be a lengthy process to put it together. There are a great many individual subsidies involved. To split them down into passengers and freight would be quite a job.

Mr. WRATTEN: Are these lines that we are subsidizing all privately owned?

Mr. AUDETTE: I would say nearly all are. There is, of course, the Canadian National Steamships operating in Newfoundland which is not a privately owned line.

Mr. WRATTEN: In respect of the privately owned lines involved here, do we have auditors who audit their books to see how much money they are making, and what they are doing with the money we are giving them?

Mr. AUDETTE: Oh, certainly.

Mr. WRATTEN: That is all checked?

Mr. AUDETTE: Yes.

Mr. HEES: These matters are very very carefully checked, Mr. Wratten. We do not pay a subsidy unless it is very very clearly demonstrated that it is the only method by which transportation can be maintained, and that otherwise no transportation can be maintained to that particular area.

Mr. WRATTEN: That is the question I wanted to get clear because I wanted to ask what subsidies were paid.

Mr. HEES: These subsidies are gone over very carefully each year to consider whether or not the subsidies should be retained or changed.

Mr. AUDETTE: Last year we sought the assistance of the Department of Finance, Cost Audit Section, to make sure that we were correct. We were worried about the sharing of certain costs as between a subsidized and an unsubsidized service, and once we obtained the assistance of outside auditors to determine whether the apportionment was equitable or proper.

Mr. WRATTEN: What allowance is made for them by way of a profit?

Mr. AUDETTE: We seek to restrict any profit to five per cent after taxes and ten per cent before taxes, that is, on subsidized operations. We feel they must not be allowed to make undue profit.



Mr. HORNER (*Jasper-Edson*): Might we have the figures of population served by these subsidies?

Mr. AUDETTE: Well, that would be difficult to answer. If it were simply a service between Ottawa and Hull, for example, the tying of the population of Ottawa to that of Hull would not be the answer because there is an outlying area in both communities.

Mr. HORNER (*Jasper-Edson*): But you could estimate it, could you not?

Mr. HEES: We subsidize the Canadian National Newfoundland coastal service and it serves the whole population pretty well. But there might be people that it did not serve. However I think we can give you an estimate of the service.

The CHAIRMAN: Is this the same question?

Mr. HORNER (*Jasper-Edson*): I am particularly interested in the coast line. My point is this: how big a community do we have to have on one of the coast lines before they can expect a subsidized service?

Mr. HEES: Perhaps we can give you an answer on that. If there are Canadian citizens who cannot get transportation in any other way, then we, in the best way possible, provide it; we make it possible for them to have transportation.

For instance, I am trying to answer you. There really is not any relationship between population and cost. We provide a service where it cannot otherwise be provided if the need is great, and at as reasonable a cost as we possibly can.

Mr. SMITH (*Simcoe North*): Both of these subsidies come into effect because of the lack of general population rather than because of the population itself. We have communities which are essential to the welfare of the country and yet there is not sufficient population there to operate a non-subsidized service.

Mr. AUDETTE: That is the point exactly.

Mr. HEES: That is exactly right.

Mr. DRYSDALE: I have been wondering about the trend of subventions in view of the fact that they seem to be increasing and that the population seems to be increasing at the present time. Is this the result of having some set subventions and is there any thought of replacing them with others?

Mr. AUDETTE: There is a constant rise in cost of operation due to the spiral itself. I refer to labour, fuel oil and all those things which have been constantly rising.

Mr. DRYSDALE: Once a subvention is introduced it tends to remain steady?

Mr. HEES: Or it tends to increase because costs go up.

Mr. DRYSDALE: A point which worries me is this: I can see where a steamship going into an area will start to open it up. I would assume with a population within that particular area the service would tend to increase. But is there any tendency, as a result of this pioneering effect with the steamship, that the subvention might become reduced or eliminated entirely?

Mr. AUDETTE: Over a period of years the total number of subsidized services has in fact decreased. At one time it was up to 50 or 60 but at the moment there are only 29.

Mr. DRYSDALE: What do you mean by that?

Mr. AUDETTE: I mean the subsidized services, the number of services has been reduced over a period of years, but the cost of the remaining ones keeps on increasing.

Mr. DRYSDALE: What do you mean by subsidized service? Do you mean individual steamship lines?

Mr. HEES: Yes.

Mr. DRYSDALE: Might the result not be the removal of one line and replacing it by a consolidation of other lines?

Mr. AUDETTE: We do not subsidize the line or the company. It is the service performed by it which is subsidized. It is the service, let us say, between A and B. Where there used to be 50 to 60 A's and B's, there are now only 29.

As to the number of companies, I have not worked it out in fact. I would assume that the number of companies has already been considerably reduced. But it is the number of services which interests you, I take it, in relation to the question as you put it.

Mr. DRYSDALE: I am interested in respect of the long range trend in subvention. Is it something which becomes static, or does it tend to be reduced?

Mr. AUDETTE: In the number of services, but not in the amount of dollars.

Mr. DRYSDALE: You mean the volume is steadily increasing.

Mr. AUDETTE: The number of services has decreased, but not the number of dollars needed.

Mr. NIELSEN: During the last three or four minutes there have been a number of expressions of policy on the part of the minister. One has been that subventions are extended to provide service where it might otherwise not be provided.

Mr. HEES: That is right.

Mr. NIELSEN: You will introduce a service where it is required?

Mr. HEES: That is right.

Mr. NIELSEN: And you will provide a means of transportation where there is no other means provided?

Mr. HEES: Are you not saying pretty much the same thing?

Mr. NIELSEN: This is an expression of policy, and if it is going to be confined to that line of thinking, will you please permit me to make the observation that we might go a long way towards solving the difficulties which the north is experiencing in respect to transportation in that this government now has a new approach to northern development.

This government is spending millions and millions of dollars on northern development. This government is undertaking huge construction projects, hydro-electric projects, welfare projects, hospitals, like the two which are being constructed, and it has all these projects going ahead. But the reason construction costs are maintained at a high level is because of the lack of economic shipping—I mean economic in the southern sense of the use of that word as opposed to economic in the north.

But there is, I suggest, one decisive way in which to reduce this item of cost which would save the Canadian taxpayers many millions of dollars which are being spent on this northern development program.

One way is to reduce a large bulk of the shipping cost so that these things may be transported to the north much more cheaply than is being done now. Therefore, I ask the minister at this time if any studies have been made to date, or is it contemplated by the department to make any studies with regard to the possibility of allowing subventions to coastal shippers who serve the Canadian and Pacific northwest through the American ports of the Alaskan panhandle? Have any such studies been made or are any contemplated?

Will the minister inform the committee whether his department will take up this suggestion and give it active consideration?

Mr. HEES: Yes, we shall certainly take it under consideration, Mr. Nielsen.

Mr. NIELSEN: There have been no studies made, or there are none contemplated?



Mr. PASCOE: As another dry land member who knows very little about shipping services but who wishes to learn something, may I ask if these subventions are paid out of any earnings or any service charge, or are they a straight payment?

Mr. HEES: They are straight subsidies.

Mr. AUDETTE: It is intended that they should make good the loss and allow a small amount of profit based on that loss.

Mr. HORNER (*Jasper-Edson*): Do the provincial authorities enter into this at all?

Mr. AUDETTE: In some cases the provinces do assist in giving subsidies.

The CHAIRMAN: Are there any further questions on 471?

Mr. DRYSDALE: I wondered about the Newfoundland situation. It is a rather large subsidy of some \$2,800,000. What was the situation prior to Newfoundland joining Canada. Who provided the subsidy then?

Mr. HEES: The Newfoundland government provided the subsidy before Newfoundland joined Canada, but now the Canadian government pays it.

Mr. DRYSDALE: How much subsidy did the Newfoundland government provide at that time? Was it relatively the same as now?

Mr. AUDETTE: I cannot give you the figure, but I do know that it must of necessity have been smaller, because there has been a rise in cost since Canada has undertaken it.

Mr. CHEVRIER: I think according to the terms of union with Newfoundland it was understood that we would provide certain specific transportation facilities. Mr. Batten would know this better than I, but I think the subsidies are on a higher scale today than they were previously.

The CHAIRMAN: Are there any other questions?

Mr. DRYSDALE: I am interested in view of the fact that I come from the west coast where we have certain problems with steamship service. While our subventions are much smaller than they are here on the east coast, I would be interested to find out to what extent they are included in this \$2,800,000, just roughly.

Mr. AUDETTE: In effect I think your question may be answered in this way: the \$2,800,000, has regard to the Canadian National Steamships operating this service.

Mr. DRYSDALE: How many boats do they have?

Mr. AUDETTE: Ten or eleven.

Mr. DRYSDALE: What is the size?

Mr. AUDETTE: They vary a great deal in size.

Mr. LATCHMORE: They vary from 2,700 tons down to about 500 tons.

Mr. DRYSDALE: They operate along the Labrador coast and to Newfoundland?

Mr. LATCHMORE: That is right, they operate up to Labrador.

Mr. AUDETTE: Labrador has no roads. The railway cuts rather through the centre of Newfoundland and goes into St. John's and there is no possible alternative method of communication or transportation for this area. Furthermore it is an undertaking under the terms of confederation.

Mr. DRYSDALE: How many centres would be served? What would be the maximum population centre and what would be the minimum? Is there any way of giving an approximate estimate as to the minimum?

Mr. AUDETTE: There is a great number of small centres.

Mr. DRYSDALE: How small?

Mr. AUDETTE: Some are merely fishing villages, and the population might be as low as 100 people. I believe the smallest would be 12 families.

Mr. DRYSDALE: You have harbour facilities.

Mr. LATCHMORE: Possibly another boat would go out and pick up provisions or passengers and bring them to shore.

Mr. DRYSDALE: Have you any idea how many small places there are which are served and which have from 12 to 100 families?

Mr. LATCHMORE: There are 10 different services around the coast, and the number of ports vary from 15 or 20 up to 50 or 60 on the different routes.

Mr. DRYSDALE: What would be the maximum population of an individual settlement that would be so served?

Mr. LATCHMORE: St. John's is the biggest and Cornerbrook would be the next in size.

Mr. DRYSDALE: What are the populations?

Mr. TUCKER: There are approximately 60,000 in St. John's.

Mr. BATTEN: Cornerbrook has 25,000.

Mr. DRYSDALE: And those would be the two largest centres?

Mr. BALDWIN: There are 234 points involved all told.

Mr. HEES: And they range from 12 families to 60 people.

Mr. DRYSDALE: I am interested in the larger communities in Newfoundland which have a population, let us say, of 10,000 and up.

Mr. BALDWIN: There are two; Cornerbrook and St. John's.

Mr. DRYSDALE: What about the rest of them.

Mr. LATCHMORE: They are fishing villages.

Mr. HEES: Port aux Basques has about 4,000. Stevenville has from 2,000 to 3,000. There is a variety.

Mr. BATTEN: Stevenville has 6,000.

Mr. HEES: During the last campaign I flew from St. John's to Cornerbrook in an aeroplane. It is well worth your while to take that trip because you can see for yourself the tremendous number of completely isolated communities which receive 100 per cent service from the sea.

Mr. TUCKER: There are 6,000 miles of coastline.

Mr. HEES: And there are 1,300 settlements on your coastline.

Mr. WRATTEN: I read in a report the other day about a \$4 million deficit for some steamship line which never got into port. It happened a few years ago. Is that in addition to the \$2,800,000 now?

Mr. HEES: I do not think that has anything to do with this.

The CHAIRMAN: Government Steamship Lines do not come under this Committee. Does item 471 carry?

Mr. HOWARD: I was going to wait until we got to the steamship part of it. Are we still under administration?

The CHAIRMAN: No, we are under item 471.

Mr. HOWARD: As I total up the subventions for this year listed here for the three services now subsidized—

Mr. AUDETTE: There are more than three.

Mr. HOWARD: I mean on the west coast. As I total it up—this is in the supplementary estimates which revised the amount listed in the main estimates—the total subvention paid for the three services is \$332,000. Have you any idea of the additional subventions which would be paid to Northland Navigation on the Bella Coola run?



Mr. AUDETTE: It is included in this Vancouver to Bella Coola; it is \$50,000 a year, because it covers only nine months. The service there this year is to start on July 1st and it is an estimate to provide only for nine months of service.

Mr. HOWARD: Have you any idea of what might be paid to the Union Steamships for the northern run to the Queen Charlotte Islands?

Mr. AUDETTE: No, I have no idea.

Mr. HEES: That matter is still under negotiation. In fact, it is not even under negotiation!

Mr. HOWARD: If Union Steamship hears about this discussion, it will be!

Mr. HEES: I think you are talking about another one which Mr. Audette said he hoped would start today.

Mr. HOWARD: Have you any recollection as to the amount of subsidy which Union Steamship asked for the last fiscal year?

Mr. AUDETTE: I think it was \$600,000 or \$700,000, but only to continue the existing service.

The CHAIRMAN: Are there any other questions?

Mr. DRYSDALE: I have a question about Newfoundland. As far as coastal services are concerned, all that is required is a small group of citizens, ten to twelve or so, who would say "we would like a boat to stop?" Is that the policy, or how is it set up?

Mr. AUDETTE: No indeed. These subsidized services are usually set up as a result of representations made from the area.

It is not usual for a steamship company to operate such a service on a commercial basis, simply because the freight rate would be either too high, or the freight offerings would be too low.

A small community is never economically served because you cannot put enough cargo into the community to justify the stop.

When they have twelve families living there, the share of cost borne by the government makes it profitable. If it is essential to supply the whole area, then it must be done in some way or other, and we must make up the loss to the company operating the service.

Mr. DRYSDALE: Most of the people in Newfoundland would be sea-going people. Is there not any feeder service from a small community to a larger community to facilitate the picking up?

Mr. LATCHMORE: There are many services operating with small boats and that sort of thing by which one might go from a small community to a bigger centre.

Mr. DRYSDALE: Is that not done under individual initiative? Could you not create an interest in bigger ships to go in?

Mr. LATCHMORE: Bigger ships call at most places. People will get into small boats which carry passengers and freight to and from the larger vessels.

Mr. SMITH (*Simcoe North*): I understand that most of this Newfoundland service was initiated because of the treaty of confederation and we have had to provide a certain amount. Has there been any substantial extension in these services since confederation or has there been any reduction?

Mr. HEES: Only in the provision of two new vessels.

Mr. CHEVRIER: First we have the question of new steamship service which is granted only upon the commission being satisfied that there is public convenience and necessity and that it is required for public convenience and necessity following investigation. The next is simply the obligation on the part of Canada to provide this kind of steamship service according to the terms of union.

Mr. HEES: That is right.

Mr. TUCKER: One is to provide passenger and freight service at the same time.

The CHAIRMAN: Are there any other questions?

Mr. DRYSDALE: Mr. Hees mentioned in connection with British Columbia the feeder service of aeroplanes. Is there any feeder service in Newfoundland by means of aeroplanes.

Mr. HEES: Yes.

Mr. DRYSDALE: Where?

Mr. BALDWIN: Eastern Provincial Airlines operate in and out of Gander and St. John's and carry a great deal of mail. They have a very substantial postal mail contract. It is not a type of service which would otherwise be appropriate because the planes cannot get into many of the sea ports. They are wheel planes and there are no airports in Newfoundland to speak of, except Gander, Torbay, and Harmon Field. Sea planes can only land on inland lakes. They cannot go into deep sea water.

However, we are exploring the possibility of using helicopters, and to what extent helicopters can satisfy this sort of requirement. That is one of the objectives we have under consideration in the planning wing of the department.

The CHAIRMAN: Shall item 471 carry?

Mr. HOWARD: Have you any idea what the loss or deficit is on the Canadian National west coast route which they operate in the summer-time?

Mr. AUDETTE: I have no figures on that because we do not subsidize the Canadian National.

Mr. BALDWIN: That is absorbed in their railway costs.

Mr. AUDETTE: Only the Canadian National people can answer that question.

The CHAIRMAN:

Item 471 agreed to.

Item 651. Steamship subventions for coastal services, as detailed in the estimates—further amount required ..... \$703,000

Mr. DRYSDALE: Is this one lump sum or is it broken down between eastern and western?

Mr. AUDETTE: It is broken down on page 37 of the same pamphlet in detail. There is a credit of \$374,000 payable at the end.

The CHAIRMAN: Are there any further questions?

Mr. CHEVRIER: Are there any services being subsidized other than those which are mentioned in the main and supplementary estimates for this fiscal year.

Mr. AUDETTE: Not by the Maritime Commission, no.

The CHAIRMAN:

Item 651 agreed to.

I shall ask you now to turn to item 472 on page 84.

Item 472. National Harbours Board. Advances to National Harbours Board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1958 on any or all of the following accounts:  
Reconstruction and Capital Expenditures—

Halifax .....	\$ 855,000
Saint John .....	100,000
Chicoutimi .....	400,000
Quebec .....	5,000,000
Generally—Unforeseen and Miscellaneous .....	200,000
	<hr/>
	\$6,555,000



Mr. HEES: This is Mr. Maurice Archer who is chairman of the National Harbours Board. Mr. Archer will deal with the operations under his board.

I might mention that the national harbours are Halifax, Saint John, New Brunswick, Chicoutimi, Quebec city, Three Rivers, Montreal, Churchill, Manitoba, and Vancouver, British Columbia.

We deal with the other types of harbours under marine services.

The CHAIRMAN: Are there any questions on this item?

Mr. DRYSDALE: Have we passed it?

The CHAIRMAN: No.

Mr. DRYSDALE: I thought the minister was going to make a general statement about it.

Mr. HEES: I intended to but I now realize that most of what I had to say has already been said under marine services.

Mr. DRYSDALE: Apparently the Vancouver harbour is the only one which is operating at a profit. I understand that the remainder of these harbours seem to have tremendous expenditures.

The Vancouver harbour, as I understand it, is supposed to have a fairly high harbour rate. What is the comparison between Vancouver and the other harbour facilities, and for what reason would Vancouver be operating at a profit compared to the others?

Mr. M. ARCHER (*Chairman of the National Harbours Board*): Vancouver is not the only harbour operating with a net surplus. Three Rivers operated with a net surplus of \$201,000 last year. Montreal operated last year with a net surplus of \$678,000. There are three harbours at the present time operating with a net income surplus.

Mr. DRYSDALE: How do the harbour rates at Vancouver compare with those at Montreal?

Mr. ARCHER: We have a set pattern of rates for eastern ports which are lower than the rates for Vancouver. There we have cargo rates which we do not have in eastern ports.

Mr. DRYSDALE: Why?

Mr. ARCHER: In 1936 the National Harbours Board took over these cargo rates. They were reduced in 1948 and in 1951 by 40 per cent.

Mr. DRYSDALE: Does each harbour board set its own particular rates?

Mr. ARCHER: It is patterned for the eastern ports so there will be no discrimination such as in harbour dues.

Vancouver had its own separate rates and we reduced the rates which were in effect at the time the board took over.

Mr. DRYSDALE: You say that the Department of Transport sets the rates on the east coast and Vancouver sets its own rates?

Mr. ARCHER: We set the rates by order in council.

Mr. DRYSDALE: Are the rates set in a similar way by the Vancouver harbour?

Mr. ARCHER: Yes, they are set exactly in the same way.

Mr. BRASSARD (*Chicoutimi*): Is the Chicoutimi harbour operated at a profit or at a loss?

Mr. ARCHER: It is being operated at a small loss.

Mr. BRASSARD (*Chicoutimi*): Could you tell me what the capital expenditure is in respect of the \$400,000 vote?

Mr. ARCHER: There is an expenditure of \$400,000 to be made for an oil wharf to be used by oil companies in common.

Mr. BRASSARD (*Chicoutimi*): Furthermore, is it possible to add a new territory to the Chicoutimi harbour, for example to include Ha! Ha! bay at Bagotville?

Mr. ARCHER: We operate right down to Ha! Ha! bay. We stop at the fringe of Ha! Ha! bay.

Mr. BRASSARD (*Chicoutimi*): The Bagotville people would like to be included in the Chicoutimi harbour scheme.

Mr. CHEVRIER: If I could make a suggestion to the member; if you make the right kind of representation to the minister perhaps he will consent to extending the dimensions.

Mr. HEES: Yes. I was just going to say that. Thank you, Mr. Chevrier.

If the city of Chicoutimi has a case for having this other area added and they submit such a case to us we will certainly give it very serious consideration.

Mr. BRASSARD (*Chicoutimi*): I am not speaking of the city of Chicoutimi, but the town of Bagotville.

Mr. HEES: All right, if the town of Bagotville wants to make such a proposal we will give it careful consideration.

Mr. HORNER (*Jasper-Edson*): Am I correct in thinking that the National Harbours Board supplies its own administration needs out of its surpluses?

Mr. ARCHER: I did not catch your question.

The CHAIRMAN: Does the National Harbours Board supply its needs out of surpluses?

Mr. ARCHER: Yes, in respect of our operating budget, we do.

Mr. HORNER (*Jasper-Edson*): The amounts mentioned here cover capital costs only?

Mr. ARCHER: They cover capital costs only.

Mr. HORNER (*Jasper-Edson*): At the present time does the port at Churchill operate with a loss or a profit?

Mr. ARCHER: Last year it had a small deficit. Churchill operated at a deficit of \$137,941.

Mr. CHEVRIER: How many ships operated out of Churchill last year?

Mr. ARCHER: Forty-six.

Mr. CHEVRIER: How many are expected to operate out of Churchill this year?

Mr. ARCHER: I understand 56 will operate out of Churchill this year.

Mr. HORNER (*Jasper-Edson*): How much grain was exported out of Churchill last year?

Mr. ARCHER: Sixteen million bushels.

Mr. HORNER (*Jasper-Edson*): One further question, Mr. Chairman.

Mr. HEES: Just one moment. Mr. Archer is just checking on grain shipments.

Mr. ARCHER: I can give you the exact figure of grain shipped out of Churchill. It was 16,869,000 bushels.

Mr. HORNER (*Jasper-Edson*): Thank you very much. That is the highest ever, is it?

Mr. ARCHER: Last year's figure was the highest.

Mr. HORNER (*Jasper-Edson*): Is there any duplication between the National Harbours Board and the Canadian Maritime Commission?

Mr. ARCHER: There is cooperation, but no duplication.

Mr. HEES: That is a good answer, "There is cooperation but no duplication".

The point is, Mr. Horner, that the Canadian Maritime Commission does not operate any facilities actually.

Mr. DRYSDALE: Mr. Chairman, I am interested in this \$5 million for equipment. Of what does that consist?

Mr. ARCHER: That is to cover the cost of reconditioning an old wharf so that we can instal marine towers on it.

There is also a contract covering marine towers and grain galleries.

There is a third contract to cover the extension of the present grain elevator to a two million bushel storage capacity elevator.

Mr. DRYSDALE: What do you mean by "marine towers"?

Mr. ARCHER: A marine tower unloads grain from large lakers.

Mr. CHEVRIER: The Toronto harbour is not covered under the National Harbours Board, is it?

Mr. HEES: Toronto has its own harbour commission. It does not come under the National Harbours Board.

Mr. CHEVRIER: What happens if that harbour has a deficit? Does the city of Toronto have to make it up?

Mr. HEES: They must look after it themselves.

Mr. HORNER (*Jasper-Edson*): Do harbours like the one in Toronto come under the Department of Transport?

Mr. HEES: Yes, they do. They come under the Department of Transport but not under the National Harbours Board. Toronto is not a national harbour. The ones I have mentioned are and come under the administration of the National Harbours Act.

Mr. WRATTEN: Do we contribute to capital cost items in respect of Toronto?

Mr. HEES: No, we do not, in respect to Toronto. They pay their own way. In respect of Hamilton we made a contribution, as you know, during the last year of \$4 million.

Mr. CHEVRIER: They collect their own fees as well?

Mr. HEES: They collect their own fees as well.

Mr. CHEVRIER: And they apply those fees towards their expenditures.

Mr. HORNER (*Jasper-Edson*): What is the situation in respect to the Port Arthur and Fort William harbours?

Mr. HEES: There is a bill on the order paper at the present time which will, if it is passed by parliament, incorporate the Lakehead Harbour Commission.

Mr. HORNER (*Jasper-Edson*): That commission will not come under the jurisdiction of the Department of Transport?

Mr. HEES: That is correct.

Mr. CHEVRIER: That will be of the same status as the harbour at Toronto?

Mr. HEES: That is right, and Windsor, and many other harbours of that kind.

Mr. PASCOE: Are these items in respect of harbour facilities only? I am thinking of Churchill. Do these items cover grain handling facilities, or just harbours themselves?

Mr. ARCHER: They include grain facilities which are part of harbours.

Mr. PASCOE: Do they cover elevators too?

Mr. ARCHER: Yes, they are all included in the operation of a harbour.

Mr. DRYSDALE: When was the last capital expenditure made in respect of the Vancouver harbour?



Mr. ARCHER: Last year we spent \$981,000 in respect of the Vancouver harbour for grain facilities.

Mr. DRYSDALE: Is there any future capital expenditure contemplated for the Vancouver harbour?

Mr. ARCHER: This year in the Vancouver harbour we contemplate spending \$4,500,000.

Mr. CHEVRIER: Is that item set out in another item? I suppose it comes under item 516?

The CHAIRMAN: That item appears on page 93 under item 516. We will deal with that item as soon as we finish with the item we are on now.

Mr. CHEVRIER: Perhaps, Mr. Chairman, we might have an explanation as to why these two items are divided. That is, certain national harbours are put in one vote and certain harbours in another vote. I think that explanation would answer some of the questions which might be asked.

Mr. ARCHER: I understand that one item covers loans and one is purely a vote. The loan item occurs because it is felt that the interest on the money invested can be paid back. We repay our interest in respect of these various harbours. This comes under vote 516. It covers the Montreal harbour, the Three Rivers harbour and the Vancouver harbour.

Mr. HORNER (*Jasper-Edson*): What is the cost per bushel of handling grain in these various harbours? Do you have the figures in that regard?

Mr. ARCHER: I cannot give you those figures just now. We do charge so much per thousand bushels but I would not like to quote the figure offhand. Those charges vary from port to port. In places like Prescott and Port Colborne this is treated differently than in Montreal. For example. In Churchill we do some cleaning. The operations are different in Montreal and in eastern harbours where they do no cleaning at all.

Mr. HORNER (*Jasper-Edson*): Could we be given those figures at a later date?

Mr. ARCHER: You refer to the cost per thousand bushels of handling grain in the different ports?

Mr. HORNER (*Jasper-Edson*): Yes.

Mr. ARCHER: I believe I could supply you with those figures.

The CHAIRMAN: Perhaps we could have those figures for the next meeting.

Mr. CHEVRIER: Are the Prescott and Port Colborne harbours covered in this item 472?

Mr. ARCHER: Yes, but there are no capital expenditures this year, sir.

Item agreed to.

The CHAIRMAN: Page 93, item 516 covers practically the same item.

Item agreed to.

Supplementary item 662 I think should be covered under this.

Item 662. To increase to \$6,000,000 the amount that may be charged at any time to the revolving fund mentioned in subsection (2) of section 101 of the Financial Administration Act, Chap. 12, Statutes of 1951 (2nd session), and extended by vote 630 of the Appropriation Act, No. 2, 1955; additional amount required .....	\$1,000,000
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Mr. BALDWIN: This is merely an increase in the amount of the existing revolving fund. The Department of Transport, because of its heavy field of operations and physical facilities, operates by virtue of a special statute with a revolving fund which is authorized by parliament to a maximum of \$5 million, and this item is merely an item to increase the maximum amount of that revolving fund to \$6 million.

The CHAIRMAN: Item 662 agreed to.

#### RAILWAY AND STEAMSHIP SERVICES

Item 430. Repairs and expenses in connection with the operation and maintenance of Official Railway Cars under the jurisdiction of the Department ..... \$59,820

The CHAIRMAN: Are there any questions?

Mr. HORNER (*Jasper-Edson*): How many are there?

Mr. HEES: Five.

Mr. HORNER (*Jasper-Edson*): Who uses them?

Mr. HEES: There are two for the Governor General and three for the cabinet ministers. There used to be five for cabinet ministers but we reduced the number by two.

The CHAIRMAN: Are there any other questions?

Mr. WRATTEN: These are the private cars they use?

Mr. HEES: A more modern term for them is "business car". Naturally we are working all the time we are in them.

Mr. WRATTEN: I would not dispute that at all.

Mr. CHEVRIER: Anyone who wants to look at these cars will not think they are too private. They are certainly worn out.

Mr. HEES: They are all 60 years old, I think.

Mr. WRATTEN: Are these used very extensively?

Mr. HEES: No, not this last year. Most people go by air now.

Mr. HOWARD: Just underneath this item there is a reference to the Canadian National Railway.

Mr. BALDWIN: That is the main title or heading for the following items.

The CHAIRMAN: Item 430 agreed to.

Item 433. Transportation improvements and facilities ..... \$15,000

Mr. CHEVRIER: Is this the balance of the establishment for the Canso Causeway?

Mr. BALDWIN: There may be a few more small items. This is merely for a few parcels of land where settlement has been negotiated.

Mr. CHEVRIER: And that will disappear eventually?

Mr. BALDWIN: That is right.

The CHAIRMAN: Item 433 agreed to.

Item 434. Causeway maintenance ..... \$10,000

Mr. CHEVRIER: What is that? Is that to provide for maintenance under the agreement with the province of Nova Scotia?

Mr. BALDWIN: Yes. Clause 10 of the agreement with the province of Nova Scotia provides that we be responsible for the maintenance for the first three years after completion.

The CHAIRMAN: Item 434 agreed to.

Item 435. Enlargement of dock and terminal facilities at North Sydney, Nova Scotia ..... \$65,000

Mr. CHEVRIER: With reference to this last amount for terminal facilities at North Sydney, we spent a considerable amount for those facilities. This is a very small item in comparison.

Mr. BALDWIN: There may be a few more small items, but this is the final action item in relation to the North Sydney project.

The CHAIRMAN: Item 435 agreed to.

Item 436. Construction of new dock and terminal facilities at Port aux Basques, Newfoundland ..... \$185,000

Mr. WRATTEN: Is this where the ferry comes in?

The CHAIRMAN: Yes.

Mr. WRATTEN: You mean the one that did not come in.

Mr. HEES: Yes, but it is going in now. There will be trial runs this month and we hope before the end of the summer that the ferry will finally get into Port aux Basques harbour.

The CHAIRMAN:

Item 436 agreed to.

Item 437. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects ..... \$1,025,000

Mr. CHEVRIER: How many vessels are contemplated under this vote, 437?

Mr. BALDWIN: 437 is for one main new vessel. It is an auto-ferry vessel to run between Belle Isle and Portugal cove in Newfoundland, and one item in connection with payment on the Carson.

Mr. HOWARD: What is the machinery for providing these vessels? How do you determine when they are required, and what investigation do you make?

Mr. BALDWIN: Circumstances vary. This one arose as a result of local representations combined with the report from our own steamship inspection service regarding the difficulties in the use of the present vessels, but local representations have been under study for some time regarding a vessel which would properly serve Portugal cove and Belle Isle.

Mr. HOWARD: This is the only service provided?

Mr. BALDWIN: There is no other service or other adequate means of communication with Belle Isle.

Mr. HOWARD: If necessity should arise or if representations were made to the department for the establishment of something similar to this between the lower mainland and Vancouver Island—I am thinking particularly of the area around White Rock—what would happen?

Mr. HEES: We would consider it and if we thought the proposal had merit, we would adopt it.

Mr. HOWARD: You would, through the normal process of the department having knowledge of these facilities, enter into it yourself, and you would say: let us see if such a service could be provided which would be supplementary too and better than is provided now.

Mr. HEES: That could be the case, but usually the community brings these things to our attention.

Mr. HOWARD: You have had no representations on this particular run?

Mr. HEES: Yes, on that one. The mayor of Victoria spoke to me about it a few months ago and we told him at that time that if a private company could be found which would be interested in providing service, we would be very glad to look into the details and discuss them with the company.

Mr. HOWARD: But you have found no private company yet?

Mr. HEES: Not so far. None has come to us so far.

Mr. HOWARD: Is there a possibility of the department entering into such an arrangement and operating it themselves?

Mr. BALDWIN: No. We would not operate it. The item is merely for the construction of the vessel which would be chartered to a private operator who would provide the service.



The CHAIRMAN: Are there any other questions?

Mr. HORNER (*Jasper-Edson*): Who is going to operate these vessels, and what revenue would you derive from them, if any?

Mr. BALDWIN: The Carson is operated by the Canadian National in various services between Newfoundland and the mainland. The ferry for Belle Isle will presumably be operated by a private company but it has not yet been determined what private company, whether it would be the present operator or some other company.

Presumably when the time comes—that is after it is built—because it has not yet been built—some consideration may have to be given to alternative proposals, and the government would again presumably be interested in determining the best financial proposal under which to charter this ship to a private operator.

Mr. HORNER (*Jasper-Edson*): We are going to get some revenue out of these vessels?

Mr. HEES: We hope so.

The CHAIRMAN:

Item 437 agreed to.

Item 438. Newfoundland coastal services—Construction or acquisition of passenger-cargo vessels and equipment ..... \$1,100,000

Mr. SMITH (*Simcoe North*): How many passenger carriers are contemplated under this item?

Mr. BALDWIN: The exact number is, I think, still under study. A definite decision has been taken to proceed with the one to replace the *Burin* which is the old passenger vessel in the Placentia bay service. Whether any more will be constructed will depend on our further studies which are now going forward in respect of the over-all transportation system in Newfoundland which is a part of the general studies we have under way in considering whether we will add other developments in the way of rail, road or even helicopter services, in which case the ships might be less in demand. If on the other hand these alternatives do not go forward, we might need four ships. The plans are under preparation now for this a vessel to replace the *Burin*. My expectation is that they will be finished some time in late August.

Mr. DRYSDALE: Would these vessels operate under the present subventions?

Mr. BALDWIN: They would be part of the fleet referred to.

Item agreed to.

Item 439. Yarmouth, Nova Scotia-Bar Harbour, Maine, U.S.A., Ferry Service—Deficit, 1958 ..... \$165,000

Mr. CHEVRIER: Could we find out how long the *Bluenose* has been in operation, and what the profit and loss position has been since its inception?

Mr. HEES: The service started on January 4, 1956. The total revenues for the year ending December 31, 1956 were \$1,085,516; for 1957, \$1,173,933; total expenses for 1956 \$1,389,866 and for 1957 the total expenses were \$1,452,027.

Mr. CHEVRIER: The deficit last year was around \$300,000.

Mr. HEES: \$278,000.

Mr. CHEVRIER: As compared to \$165,000 this year?

Mr. HEES: No. Compared with the deficit in 1956 of \$304,349.

Mr. CHEVRIER: What is the item of \$165,000 for?

Mr. BALDWIN: It is estimated this year.

Mr. BRASSARD (*Chicoutimi*): Is this ferry used exclusively for Canadian or for United States citizens?



Mr. HEES: It operates from Yarmouth, Nova Scotia, to Bar Harbour, Maine. The state of Maine provided the expenditures for terminal facilities in Bar Harbour, and the province of Nova Scotia provided certain expenditures in connection with Yarmouth and the federal government provided a ship.

Mr. KENNEDY: I notice the reduction of deficits is roughly 40 per cent over the year. What is it attributable to? Is it increased traffic or more efficient operation?

Mr. HEES: It is mostly traffic growth.

Mr. KENNEDY: What does the future look like? Will there be increased revenue?

Mr. HEES: If the winter traffic can develop; yes.

Mr. BALDWIN: There is no question about a profit in the summer. The winter traffic has come along quite satisfactorily; if it continues to improve it should be close to a self-sustaining operation the year around.

Mr. CHEVRIER: How is the actual deficit working out in comparison with the estimate which was made before the service was put into effect?

Mr. BALDWIN: Not as great.

Item 439 agreed to.

Item 440. To provide towards the cost of surveys of Newfoundland Railway properties entrusted to the Canadian National Railway Company ..... \$17,500

Mr. DRYSDALE: What is this item?

Mr. BALDWIN: When union with Newfoundland took place, by virtue of the terms of union the federal government took over the Newfoundland railway and it was found necessary to survey the properties owned by the railway. The Newfoundland government did not have a normal—as we know it in other provinces—land registry and survey system. That has been a continuing item for several years; we have had about the same amount every year to provide funds to complete the survey of what the Newfoundland railway owns.

Mr. DRYSDALE: Is there only one railway?

Mr. BALDWIN: Yes.

Mr. DRYSDALE: How many miles of track are there?

Mr. BALDWIN: That question should come up at the railways and shipping committee next week.

Item agreed to.

Item 441. Degaussing Canadian-owned merchant ships, of 1,000 gross tons and over, of Canadian registry, or of United Kingdom registry if subject to retransfer to Canadian registry under special inter-governmental arrangement ..... \$300,000

Mr. CHEVRIER: Has not the degaussing of these ships of United Kingdom registry about arrived at an end? It seems to me this is coming up all the time.

Mr. BALDWIN: It relates now to new ships being built, some of which will go under United Kingdom registry but are under the Canadian replacement program and are Canadian-owned.

Mr. CHEVRIER: Have all the ships which have been mentioned by Mr. Audette been degaussed?

Mr. BALDWIN: I do not believe that program was completed. I do not think it is being carried on at the present time. My recollection is the expenditure administered by the maritime commission is primarily on behalf of new ships being built.

Mr. WRATTEN: May I ask what is the meaning of "degaussing"?



Mr. HEES: Installation of protective devices against magnetic mines.

Item agreed to.

The CHAIRMAN: Items 442 and 443, come under government-owned railways and shipping.

Mr. CHEVRIER: Is this a good place to stop?

Mr. HEES: Perhaps we could finish a couple more items and the next time we would be on air.

Item 444. To authorize the Governor in Council to grant to Canadian National Railway Company a subsidy of \$25,000 per mile, but not exceeding \$7,450,000, towards the construction of the line of railway referred to in Chapter 49 of the Statutes of Canada, 1953-54, as Branch Line Number 1 (described approximately as a line of railway from St. Felicien to Chibougamau and from Chibougamau to Beattyville in the Province of Quebec); such grant of subsidy to be made in such manner and in such amounts and subject to such conditions, if any, as the Governor in Council deems expedient; estimated requirement for the fiscal year 1958-59 ..... \$1,600,000

Mr. BRASSARD (*Chicoutimi*): Is this construction done directly by the C.N.R. or by other contractors?

Mr. BALDWIN: They call for tenders and let contracts.

Mr. BRASSARD (*Chicoutimi*): Are they cost plus contracts?

Mr. HEES: No.

The CHAIRMAN: There are no cost plus contracts.

Mr. DRYSDALE: What does the \$25,000 represent? Is it the actual cost per mile of construction?

Mr. HEES: No. That line costs in the vicinity of \$100,000 a mile to build.

Mr. CHEVRIER: Is it not true that this was authorized by parliament and all this item does is to carry out the provisions of the bill.

Mr. HEES: Yes. That is all.

Mr. CHEVRIER: The amount of the subsidy is in the bill itself?

Mr. HEES: Yes, \$25,000.

Mr. BALDWIN: This figure was set as a result of earlier studies. The difference is the amount between what the railway could afford to put into the project and what was needed if the project was going ahead.

Mr. HOWARD: Is the subsidy granted towards the cost of constructing the Great Eastern Railway included somewhere else?

Mr. BALDWIN: That subsidy which was undertaken there has already been paid. There is nothing further outstanding in that regard.

Mr. HOWARD: There is no additional thought given to it?

Mr. HEES: It is all cleared up.

Mr. HOWARD: Of course, we would appreciate it if you would give additional thought to it.

Mr. HEES: There was one in respect of a line up to Prince George and one in respect of the 50-mile area north of Prince George.

Item agreed to.

Item 445 agreed to.

Item 446. Railway Employees' Provident Fund—To supplement pension allowances under the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum allowance payable in the calendar year 1958 \$30 per month instead of \$20 per month as fixed by the said Act..... \$9,500

Mr. CHEVRIER: This is the item which has always embarrassed me. A question was asked as to when the pensions of the Canadian National Railways were going to be increased from \$35 to \$40. Perhaps I could ask this question.



Mr. HEES: You always felt better when you had dealt with this one.

The CHAIRMAN: Any further questions in respect to item 446?

Mr. CHEVRIER: I have not received an answer to my question yet.

Item agreed to.

Item 447. Supplemental Pension Allowances to former employees of Newfoundland Railways, Steamships and Telecommunication Services transferred to Canadian National Railways ..... \$54,000

Mr. WRATTEN: Are the Canadian National Railways employees in Newfoundland treated differently than the Canadian National Railways employees in other parts of Canada or is this part of an agreement that we entered into with Newfoundland?

Mr. BALDWIN: I missed the question, sir.

Mr. WRATTEN: Is there a difference in treatment between the employees of the C.N.R. in Newfoundland and the employees of the C.N.R. in other parts of Canada, or is this one of the agreements we entered into on Confederation?

Mr. CHEVRIER: The answer to your question is the latter.

Mr. BALDWIN: This situation arises due to terms of the union with Newfoundland regarding certain additional pension benefits, yes.

Item agreed to.

Item 448 agreed to.

The CHAIRMAN: At our next meeting we will be dealing with the air services estimates.

We will adjourn now, gentlemen, and meet at ten o'clock on Thursday morning in the Railway Committee Room.